

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 XMB-02 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-05 ITC-01 USIA-06 PRS-01 SP-02 OMB-01 /090 W
-----107996 132020Z /40

R 131741Z OCT 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 2234
DEPARTMENT TREASURY
AMEMBASSY PARIS

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USOECD

E.O. 11652: N/A
TAGS: ECON, EFIN, GW
SUBJECT: GERMAN REACTION TO U.S. PROPOSAL
FOR EXPORT CREDIT AGREEMENT

REF: STATE 239754

1. TEXT OF U.S. PROPOSAL PASSED TO GEHRING OF FRG
ECONOMICS MINISTRY WEDNESDAY, OCTOBER 12. SUBSEQUENT
DISCUSSION TODAY WITH GEHRING AND ASSOCIATE, WHO HAD
JUST RETURNED FROM AN EC MEETING IN WHICH THE U.S.
PROPOSAL WAS DISCUSSED, YIELDED THE FOLLOWING OBSERVA-
TIONS ON VARIOUS SEGMENTS OF THE U.S. PROPOSAL.

(A) CASH PAYMENTS:

GERMAN OFFICIALS INDICATED THAT THERE WAS ROOM FOR
DISCUSSION IN THIS AREA, PARTICULARLY CONCERNING
RAISING THE CASH DOWN PAYMENT REQUIREMENT TO 20
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PERCENT FOR "RICH" COUNTRIES.

(B) MAXIMUM REPAYMENT TERMS:

GEHRING SUGGESTED THAT FIVE-YEAR LIMIT SHOULD BE PUT
IN PLACE FOR "RICH" COUNTRIES AND THAT CONVENTIONAL,
AND NUCLEAR POWER PLANTS AND STEEL MILLS SHOULD NOT

BE GIVEN PREFERRED TREATMENT. IN ADDITION, HE PREFERRED ESTABLISHING CLEAR RULES FOR EXCEEDING THE MATURITY GUIDELINES RATHER THAN THE OPEN-ENDED ARRANGEMENT OF OUR TEXT WHICH READS "TO 12 YEARS FOR INTERMEDIATE AND RELATIVELY POOR COUNTRIES BUT ONLY IF THE SPECIAL ECONOMIC AND FINANCIAL CHARACTERISTICS OF THE PRODUCTS, GOODS AND SERVICES JUSTIFIES THE LONGER-TERM".

(C) MINIMUM INTEREST RATES:

GENERALLY THEY THOUGHT THAT THE SCHEDULE IN THE U.S. PROPOSAL WAS TOO COMPLICATED AND SHOULD BE SIMPLIFIED.

(D) LOCAL COSTS:

ELIMINATING LOCAL COST COVER TO "RICH" COUNTRIES IS A SUBJECT WHICH SHOULD BE DISCUSSED AND WHICH THE GERMANS COULD SUPPORT. HOWEVER, FOR INTERMEDIATE AND POOR COUNTRIES THEY BELIEVED THE CURRENT SYSTEM SHOULD BE MAINTAINED AS IS.

(E) ANCILLARY INSURANCE PROGRAM:

THIS THEY SAID WAS BEING HANDLED IN GATT AND THERE IS LITTLE CHANCE TO ACCOMPLISH ANYTHING AT THE PRESENT LIMITED OFFICIAL USE

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TIME.

(F) EXISTING COMMITMENTS:

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THE FRG IS EXTREMELY INTERESTED IN BRINGING AN END TO THE PROBLEMS INCURRED BECAUSE OF LINES OF CREDIT. GEHRING THOUGHT THAT IT WOULD BE BENEFICIAL IF THE U.S. PRESSED ON THIS POINT AND HE SUGGESTED SETTING ONE SPECIFIC DATE FOR TERMINATION OF THOSE ARRANGEMENTS POSSIBLY BY THE END OF 1979. IN ADDITION, GEHRING OPINED THAT IT WOULD BE USEFUL TO ASK THAT PARTICIPANTS SPECIFY WHETHER CURRENT COMMITMENTS COULD BE ENLARGED OR RENEWED WITHOUT RENEGOTIATION. IN GENERAL, GERMAN OFFICIALS WERE PESSIMISTIC REGARDING A QUICK SOLUTION BUT THOUGHT THAT PERHAPS NEXT YEAR SOMETHING COULD BE ACCOMPLISHED IN THIS AREA.

(G) MIXED CREDITS:

THE PROBLEMS HERE ARE WELL KNOWN AND GEHRING CITED THE RELUCTANCE OF THE FRENCH TO MOVE ON THIS ISSUE.

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(H) EXCEPTIONS:

GEHRING POINTED OUT THAT SATELLITES ARE NOT A PART OF THE OECD UNDERSTANDING ON SATELLITE GROUND STATIONS. STOESEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, CREDIT, AGREEMENTS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN17015
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: ALSO FOR USOECD
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770374-0027
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771066/aaaaceed.tel
Line Count: 159
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8759f830-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 239754
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 940032
Secure: OPEN
Status: NATIVE
Subject: GERMAN REACTION TO U.S. PROPOSAL FOR EXPORT CREDIT AGREEMENT
TAGS: ECON, EFIN, GE, US
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8759f830-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009